



U.S. Department of Energy

Grand Junction Office
2597 B³/₄ Road
Grand Junction, CO 81503

DEC 31 2003

Steven D. Landau
Manager, Environmental Affairs
Cotter Corporation
7800 East Dorado Place, Suite 210
Englewood, CO 80111

Subject: Cotter Corporation's Cañon City Uranium Milling Facility
(Colorado Radioactive Materials License 369-01)

Reference: Your letter dated December 18, 2003, same subject

Dear Mr. Landau:

The Department of Energy (DOE) Office of Land and Site Management (LM-50) has reviewed the referenced letter and attachments with respect to the future transfer of the Cañon City tailings repository to DOE for long-term custody. Section 83 of the Atomic Energy Act requires that the licensee transfer the land and byproduct material to the state or federal government, and provides that the receiving agency's sole responsibilities are to monitor and maintain the site and take any emergency measures necessary to protect public health and safety.

DOE understands that at the Cañon City site there are two issues concerning the disposal of waste streams that have been classified as non-11e.(2) byproduct material, and EPA has questioned whether the presence of these materials in the tailings impoundment would jeopardize transfer of the site to the state or DOE for long-term custody.

The first waste stream in question represents effluent from metals recovery operations that took place prior to 1979. DOE understands that the metals recovery operations were licensed activities conducted in accordance with the relevant state regulations. The second waste stream concerns effluents from vanadium recovery operations tests that took place in 2001. In Attachment A to the referenced letter, the Colorado Department of Public Health and Environment states that the waste materials generated by the vanadium recovery operations are not listed or characteristic wastes as defined by state statute. This waste stream was also generated in accordance with relevant state regulations.

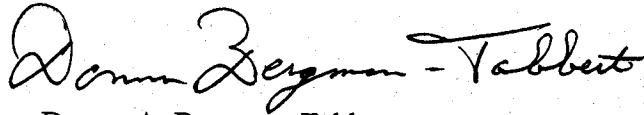
Based on your representation and certification that the materials at the site meet all of the requirements set forth in Section 83 of the Atomic Energy Act, DOE considers the presence of these non-11e (2) wastes in the tailings impoundment to be acceptable and should not inhibit transfer of the site to either receiving agency. If the State of Colorado does not exercise its option for long-term custodial care, DOE is prepared to take title to the land and the non-11e.(2) by product material at the Cañon City site.

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Grand Junction Program

Nothing in this letter is intended to waive any rights that DOE or the state may have in the event that DOE takes possession of the Cañon City site and a subsequent remedy failure occurs. If you have further questions, please contact Mr. Michael Tucker of my staff at (970) 248-6004.

Sincerely,

A handwritten signature in cursive script that reads "Donna Bergman-Tabbert".

Donna A. Bergman-Tabbert

Director

Office of Land and Site Management

cc:

W. Jacobi, CPDHE

D. Sollenberger, NRC

W. Taunton, EPA Region 8

A. Kleinrath, DOE

M. Tucker, DOE

M. Plessinger, Stoller

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